Amendment to Bank Acts/Laws to Privatise Public Sector Banks

118. DR. ALLADI P. RAJKUMAR:
SARDAR GURCHARAN SINGH TOHRA:

Will the MINISTER OF FINANCE be pleased to state:

(a) whether Government propose to amend Bank Acts/laws to privatise public sector banks; and

(b) if so, the details thereof; and

(c) the justification of proposal for privatising the State Bank of India?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL): (a) and (b) The Committee of Financial Sector Reforms (Narasimham Committee-II) had observed that the Indian banks, by and large, are not sufficiently capitalised and further capital enhancement would be necessary for the larger Indian banks and especially those which wish to have an international presence. The Committee has therefore observed that with the competing demands on the budget for investment in areas like infrastructure and social services, Government cannot continue to indefinitely provide capital to public sector banks. The Committee has further suggested that the public sector banks should be encouraged to raise capital from the market and minimum shareholding by the Government and the Reserve Bank of India in the equity of nationalised banks and the State Bank of India should be brought down to 33 percent respectively. The recommendations of the Committee are under examination.

(c) Reduction of the minimum level of Reserve Bank of India's shareholding below 55 percent in State Bank of India is necessary

to enable the bank to raise equity from the market to enhance its capital and to achieve prescribed levels of higher capital adequacy norms.

Ten per cent cut for the NE Region

119. SHRI W. ANGOU SINGH: Will the MINISTER OF FINANCE be pleased to state:

(a) Whether it is a fact that the 10% cut from the different Department of Central Government for the North East Region is not agreed by some Departments;

(b) If so, the names of the departments, and if not the amount collected in the current year so far; and

(c) Whether it is a fact that the amount of the former Prime Minister's package of the North-East States has to be adjusted with 10% cut from the different departments?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) All Central Ministries/Departments are required to spend 10% of their Plan budget on schemes/projects for the benefit of the North Eastern Region and Sikkim. Some Departments have been specifically exempted from the requirement by the Planning Commission because of the location/scheme specific nature of the plan provision in their grants. Shortfalls in meeting this target is to be pooled in a Central Resource Pool. Last year, Rs. 121.95 crore was released for such schemes/projects, including those covered by the former Prime Minister's package for North Eastern States. For the current year, the outcome would be reflected in the Revised Estimates for 1999-2000 to be presented alongwith the ensuing budget.